

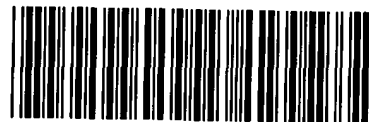
**Registered number: 1280133**

**Doyle London Hotels Limited**

**Annual report and financial statements**

**For the year ended 31 December 2019**

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# **Doyle London Hotels Limited**

## **Directors and other information**

<b>Directors</b>	B. Gallagher P. King J. Radcliffe D. Reape (appointed 4 July 2019) S. Daly (resigned 4 July 2019)
<b>Company secretary</b>	D. Reape (appointed 4 July 2019) S. Daly (resigned 4 July 2019)
<b>Registered number</b>	1280133
<b>Registered office</b>	47 Welbeck Street London W1G 8DN
<b>Independent auditor</b>	KPMG Chartered Accountants, & Statutory Audit Firm 1 Stokes Place St Stephen's Green Dublin 2 Ireland
<b>Bankers</b>	National Westminster Bank 14 Blytheswood Square Glasgow Scotland G2 4AQ
<b>Solicitors</b>	Squire Patton Boggs Rutland House 148 Edmund Street Birmingham England B3 2JR

# **Doyle London Hotels Limited**

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# **Doyle London Hotels Limited**

## **Directors' report**

*For the year ended 31 December 2019*

The Directors present their report and the financial statements for the year ended 31 December 2019.

### **Results and dividends**

The profit for the year, after taxation, amounted to £1.166 million *(2018 - £1.258 million)*.

The Directors do not recommend the payment of a dividend.

### **Directors**

The Directors who served during the year were:

B. Gallagher  
P. King  
J. Radcliffe  
D. Reape (appointed 4 July 2019)  
S. Daly (resigned 4 July 2019)

### **Political contributions**

The Company made no donations to charities and no political donations during the year.

### **Engagement with employees**

The Company places particular importance on the involvement of its employees keeping them regularly informed on matters affecting them as employees and on issues affecting the Company's performance. The training and development of employees at all levels continues to be a major priority.

### **Disabled employees**

It is the policy of the Company to give fair and full consideration to registered disabled persons applying for employment and to the continuing employment and appropriate training of staff who become disabled having regard to their particular aptitudes and abilities.

### **Covid-19**

The Company has considered the implications of the Covid 19 outbreak on its business, and in particular the impact on its operations, cost base, material contracts and working capital. The risks and the mitigation measures are set out in the Strategic Report.

### **Disclosure of information to auditor**

Each of the persons who are Directors at the time when this Directors' report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### **Auditor**

The auditor, KPMG, will be proposed for reappointment in accordance with section 487 of the Companies Act 2006.

## **Doyle London Hotels Limited**

### **Directors' report (continued)**

*For the year ended 31 December 2019*

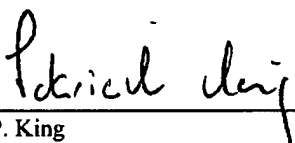
#### **Post balance sheet events**

In March 2020, the Company temporarily closed its hotel in response to government restrictions due to the Covid-19 pandemic. The directors have considered the impact of this temporary closure on the applicability of the going concern basis of accounting in preparing the financial statements and concluded that this continued to be appropriate (See Note 1.3).

The impact of Covid-19 is deemed a non-adjusting event for the Company and there was no evidence of the event impacting on the Company balance sheet as at 31 December 2019.

There have been no other significant events affecting the Company since the year end.

This report was approved by the board on 8 October 2020 and signed on its behalf.

  
\_\_\_\_\_  
P. King  
Director

# **Doyle London Hotels Limited**

## **Strategic report**

*For the year ended 31 December 2019*

### **Introduction**

The main activity of the Company continues to be the operation of a hotel in the United Kingdom. The Company is part of a leading hotel group which operates quality hotels in prime city locations in Ireland, the United Kingdom and the United States.

The Company achieved a turnover of £25.126 million in the year ended 31 December 2019 which is a 1.2% increase on the year ended 31 December 2018.

The Company produced an operating profit of £3.353 million in the year to 31 December 2019.

### **Business review**

The Company's trading is likely to be materially affected in the coming year as a result of the Covid-19 pandemic. This is explained in greater detail below.

### **Principal risks and uncertainties**

Under the Companies Act 2006, the Directors are required to give a description of the Company's principal risks and uncertainties.

The principal risks and uncertainties that the Company face include Brexit, changes in inflation, an increase in interest rates, and fluctuations in exchange rates. The directors have developed a range of strategies to address the risks to the Company including currency hedging and fixing of interest rates.

### **Covid 19**

The Covid-19 pandemic declared in March 2020 together with the resultant uncertainties around the short to medium term recovery of global economy, also represents a principal risk of the Company.

The Company has considered the implications of the Covid 19 outbreak on its business, and in particular the impact on its operations, cost base, material contracts, financing and working capital.

The particular risks identified include the impact of the temporary closure of the Company's hotel property as a result of restrictions imposed by the UK government. The Company has mitigated this risk by availing of government supports where available. In addition, the Group, of which the Company is a part, has obtaining further increases in its banking facilities thereby extending the considerable financial headroom the Group had as at 31 December 2019.

There has been a subsequent easing of restrictions which has enabled the Company to reopen its property on a phased basis.

The Company has also considered the impact of the Covid 19 pandemic on its hotel property value and believes that the location and quality of its hotel operations, loyal staff and customer base will protect the Company from the most significant effects.

As this crisis evolves, the impact on the Company will be continually reassessed.

## **Doyle London Hotels Limited**

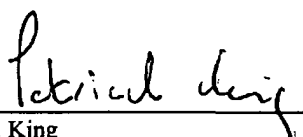
### **Strategic report (continued)**

*For the year ended 31 December 2019*

#### **Financial key performance indicators**

	2019	2018
Gross profit %	23.6	27.0
Operating profit %	13.3	17.0

This report was approved by the board on 8 October 2020 and signed on its behalf.

  
\_\_\_\_\_  
P. King  
Director

## Doyle London Hotels Limited

### Statement of directors' responsibilities in respect of the strategic report, directors' report and the financial statements

*For the year ended 31 December 2019*

The directors are responsible for preparing the directors' report, strategic report and the financial statements in accordance with applicable law and regulations.

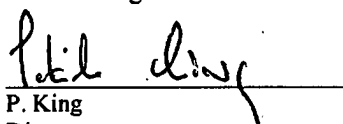
Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing as applicable, matters relating to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

  
P. King  
Director





KPMG  
Audit  
1 Stokes Place  
St. Stephen's Green  
Dublin 2  
D02 DE03  
Ireland

## **Independent auditor's report to the members of Doyle London Hotels Limited**

### **Report on the audit of the financial statements**

#### **Opinion**

We have audited the financial statements of Doyle London Hotels Limited ('the Company') for the year ended 31 December 2019 set out on pages 9 to 29, which comprise the profit and loss account, statement of other comprehensive income, the balance sheet, the statement of changes in equity and related notes, including the summary of significant accounting policies set out in note 1. The financial reporting framework that has been applied in their preparation is UK Law and FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

In our opinion, the accompanying financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with FRS102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been properly prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with ethical requirements that are relevant to our audit of financial statements in the UK, including the Financial Reporting Council (FRC)'s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion

#### **We have nothing to report on going concern**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.



## **Independent auditor's report to the members of Doyle London Hotels Limited (continued)**

### **Report on the audit of the financial statements (continued)**

#### **Other information**

The directors are responsible for the other information presented in the financial statements. The other information comprises the information included in the strategic and directors' reports. The financial statements and our auditor's report thereon do not comprise part of other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Based solely on our work on the other information;

- we have not identified material misstatements in the directors' report or the strategic report;
- in our opinion, the information given in the directors' report and the strategic report is consistent with the financial statements;
- in our opinion, the directors' report and the strategic report have been prepared in accordance with the Companies Act 2006.

#### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit;

We have nothing to report in these respects.

#### **Respective responsibilities and restrictions on use**

##### **Responsibilities of directors for the financial statements**

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

##### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A fuller description of our responsibilities is provided on FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).



## **Independent auditor's report to the members of Doyle London Hotels Limited (continued)**

### **Respective responsibilities and restrictions on use (continued)**

#### **The purpose of our audit work and to whom we owe our responsibilities**

Our report is made solely to the Company's members, as a body, in accordance with the Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Cliona Mullen (Senior Statutory Auditor)  
for and on behalf of  
KPMG  
Statutory Auditor  
1 Stokes Place  
St Stephen's Green  
Dublin 2  
Ireland Date: 14 October 2020

## Doyle London Hotels Limited

### Profit and loss account

For the year ended 31 December 2019

	Note	2019 £000	2018 £000
Turnover	3	25,126	24,821
Cost of sales		(19,186)	(18,119)
<b>Gross profit</b>		<b>5,940</b>	<b>6,702</b>
Administrative expenses		(338)	(473)
Depreciation		(2,249)	(2,013)
<b>Operating profit</b>	4	<b>3,353</b>	<b>4,216</b>
Interest receivable and similar income	9	1	-
Interest payable and similar expenses	10	(1,424)	(1,250)
<b>Profit before tax</b>		<b>1,930</b>	<b>2,966</b>
Tax on profit	11	(764)	(1,708)
<b>Profit for the financial year</b>		<b>1,166</b>	<b>1,258</b>

The notes on pages 13 to 29 form part of these financial statements.

## Doyle London Hotels Limited

### Statement of other comprehensive income

*For the year ended 31 December 2019*

	<b>2019</b>	<b>2018</b>
<b>Note</b>	<b>£000</b>	<b>£000</b>
<b>Profit for the financial year</b>	<b>1,166</b>	<b>1,258</b>
<b>Other comprehensive income</b>		
Unrealised surplus on revaluation of tangible fixed assets	11,083	1,746
Deferred tax on revaluations	(1,711)	1,411
<b>Other comprehensive income for the year</b>	<b>9,372</b>	<b>3,157</b>
<b>Total comprehensive income for the year</b>	<b>10,538</b>	<b>4,415</b>

The notes on pages 13 to 29 form part of these financial statements.

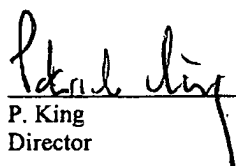
**Doyle London Hotels Limited**  
**Registered number: 1280133**

**Balance sheet**

*As at 31 December 2019*

	Note	2019 £000	2018 £000
<b>Fixed assets</b>			
Tangible assets	12	160,900	148,900
		<u>160,900</u>	<u>148,900</u>
<b>Current assets</b>			
Stocks	13	248	243
Debtors: amounts falling due within one year	14	12,727	6,976
Cash at bank and in hand	15	46	46
		<u>13,021</u>	<u>7,265</u>
Creditors: amounts falling due within one year	16	(3,663)	(4,200)
<b>Net current assets</b>		<u>9,358</u>	<u>3,065</u>
<b>Total assets less current liabilities</b>		<u>170,258</u>	<u>151,965</u>
Creditors: amounts falling due after more than one year	17	(42,276)	(34,073)
<b>Provisions for liabilities</b>			
Deferred tax	20	(16,400)	(14,421)
		<u>(16,400)</u>	<u>(14,421)</u>
<b>Net assets</b>		<u><u>111,582</u></u>	<u><u>103,471</u></u>
<b>Capital and reserves</b>			
Called up share capital	21	300	300
Revaluation reserve		110,116	100,744
Profit and loss account		1,166	2,427
		<u>111,582</u>	<u>103,471</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 8 October 2020.

  
P. King  
Director

The notes on pages 13 to 29 form part of these financial statements.

## Doyle London Hotels Limited

### Statement of changes in equity

For the year ended 31 December 2019

	Called up share capital	Revaluation reserve	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 January 2019	300	100,744	2,427	103,471
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	1,166	1,166
Revaluation of hotel property assets	-	11,083	-	11,083
Deferred tax on revaluation	-	(1,711)	-	(1,711)
Dividends	-	-	(2,427)	(2,427)
<b>Total comprehensive income for the year</b>	-	9,372	(1,261)	8,111
<b>At 31 December 2019</b>	<b>300</b>	<b>110,116</b>	<b>1,166</b>	<b>111,582</b>

The notes on pages 13 to 29 form part of these financial statements.

### Statement of changes in equity

For the year ended 31 December 2018

	Called up share capital	Revaluation reserve	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 January 2018	300	97,587	1,169	99,056
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	1,258	1,258
Revaluation of hotel property assets	-	1,746	-	1,746
Deferred tax on revaluation	-	1,411	-	1,411
<b>Total comprehensive income for the year</b>	-	3,157	1,258	4,415
<b>At 31 December 2018</b>	<b>300</b>	<b>100,744</b>	<b>2,427</b>	<b>103,471</b>

The notes on pages 13 to 29 form part of these financial statements.

# **Doyle London Hotels Limited**

## **Notes to the financial statements**

*For the year ended 31 December 2019*

### **1. Accounting policies**

#### **1.1 Basis of preparation of financial statements**

Doyle London Hotels Limited (the "Company") is a private company limited by shares, incorporated, domiciled and registered in the UK. The registered number is 7676611 and the address of its registered office is 47 Welbeck Street, London W1G 8DN.

These financial statements were prepared in accordance with Reporting Standard 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"). The presentation currency of these financial statements is Sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company's ultimate parent undertaking, Pembase Holdings Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Pembase Holdings Limited are prepared in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland and are available to the public and may be obtained from 156 Pembroke Road, Ballsbridge, Dublin 4. In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures: Cash Flow Statement and related notes.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 2.

#### **1.2 Measurement convention**

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments, investment properties, and tangible fixed assets.



# Doyle London Hotels Limited

## Notes to the financial statements

*For the year ended 31 December 2019*

### 1. Accounting policies (continued)

#### 1.3 Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out on page 3. The financial position of the company liquidity position borrowing facilities and details of financial instruments are included in the financial statements.

Since the year end, the COVID-19 pandemic has become a worldwide crisis and at the date of this report the impact on the global economy is still evolving. The Directors have considered the appropriateness of the going concern basis of accounting in preparing these financial statements in the context of the resultant impact on the Company's businesses in the short to medium term, including the temporary closure of its hotel. The government subsequently eased restrictions for businesses which enabled the Company to reopen its hotel on a phased basis, although the volume of business for the coming months remains uncertain.

In assessing going concern, the Directors noted that, as at 31 December 2019, the Group, of which this Company is a part, had considerable financial resources as a result of having €35m of cash on hand as well as having completed a refinancing of its debt in December 2019. In addition, in response to the uncertainties created by the pandemic, the Group obtained further financial support from its bank in order to create further financial headroom available to the Group and Company in the event of a prolongation of the global crisis.

Based on their assessment of the Group's and Company's business plans together with the financial resources and headroom available to the Group, the Directors have a reasonable expectation that the Company has sufficient resources to continue in operational existence for at a period not less than 12 months from the date of approval of these financial statements, and therefore concluded it is appropriate to adopt the going concern basis in preparing the financial statements.

The Directors expect, based on discussions with the bank, that this financial support will continue for a period of not less than 12 months from the date of approval of these financial statements.

#### 1.4 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account except for differences arising on the retranslation of qualifying cash flow hedges and items which are fair valued with changes taken to other comprehensive income, which are recognised in other comprehensive income.

# **Doyle London Hotels Limited**

## **Notes to the financial statements**

*For the year ended 31 December 2019*

### **1. Accounting policies (continued)**

#### **1.5 Basic financial instruments**

##### **Trade and other debtors/creditors**

Trade and other debtors are recognised initially at transaction price plus attributable transaction costs. Trade and other creditors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

##### **Interest-bearing borrowings classified as basic financial instruments**

Interest-bearing borrowings are recognised initially at cost less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

##### **Investments in preference and ordinary shares**

Investments in preference and ordinary shares are measured initially at transaction price less attributable transaction costs. Subsequent to initial recognition investments that can be measured reliably are measured at fair value with changes recognised in profit or loss. Other investments are measured at cost less impairment in profit or loss.

##### **Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and call deposits.

# Doyle London Hotels Limited

## Notes to the financial statements

For the year ended 31 December 2019

### 1. Accounting policies (continued)

#### 1.6 Tangible fixed assets

Tangible fixed assets are stated at deemed cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Leases in which the entity assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. Lease payments are accounted for as described at 1.12 below.

The entity assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

Freehold leasehold land & buildings:

- Land Nil
- Buildings core 50 - 125 years
- Buildings non-core 30 years

Plant fixtures fittings and equipment:

- Plant and equipment 20 years
- Fixtures and fittings 5 - 10 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since the last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

#### Revaluation

Land and buildings are stated at fair value less any subsequent accumulated depreciation and impairment losses. Full valuations of all hotel properties are conducted by independent valuers over 5 years with desktop valuations conducted in intervening years. The directors regularly value the portfolio to ensure that the carrying value does not differ materially from fair value at the end of the reporting period. The last full valuation was carried out on 31 December 2019.

The fair value was measured using market-based evidence by appraisal undertaken by professionally qualified valuers. Key assumptions used in these appraisals are set out in Note 12.

Gains on revaluation are recognised in other comprehensive income and accumulated in equity/revaluation reserve. However, the increase is recognised in profit or loss to the extent that it reverses a revaluation decrease previously recognised in profit or loss.

Losses arising on revaluation are recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity, in respect of that asset. Any excess is recognised in profit or loss.

# Doyle London Hotels Limited

## Notes to the financial statements

*For the year ended 31 December 2019*

### 1. Accounting policies (continued)

#### 1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the stocks and other costs in bringing them to their existing location and condition.

#### 1.8 Impairment excluding stocks and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the entity would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the entity's non-financial assets, stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset exceeds its expected recoverable amount. Impairment losses are recognised in profit or loss.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

# Doyle London Hotels Limited

## Notes to the financial statements

*For the year ended 31 December 2019*

### 1. Accounting policies (continued)

#### 1.9 Employee benefits

##### Defined contribution plans and other long term employee benefits

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

##### Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The entity's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The entity determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate as determined at the beginning of the annual period to the net defined benefit liability (asset) taking account of changes arising as a result of contributions and benefit payments.

The discount rate is the yield at the balance sheet date on AA credit rated bonds denominated in the currency of, and having maturity dates approximating to the terms of the entity's obligations. A valuation is performed annually by a qualified actuary using the projected unit credit method. The entity recognises net defined benefit plan assets to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Changes in the net defined benefit liability arising from employee service rendered during the period, net interest on net defined benefit liability, and the cost of plan introductions, benefit changes, curtailments and settlements during the period are recognised in profit or loss.

Re-measurement of the net defined benefit liability/asset is recognised in other comprehensive income in the period in which it occurs.

##### Group Plans

The Group operated a number of defined benefit pension plans. As there is no contractual agreement or stated group policy for charging the net defined benefit cost of the plan to participating entities, the net defined benefit cost of the pension plan is recognised fully by the company which is legally responsible for the plan. As the plans have no active members there are no on-going contributions payable by the participating entities.

##### Termination benefits

Termination benefits are recognised as an expense when the company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

# Doyle London Hotels Limited

## Notes to the financial statements

*For the year ended 31 December 2019*

### 1. Accounting policies (continued)

#### 1.10 Provisions

A provision is recognised in the balance sheet when the entity has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the holding undertaking enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company treats the guarantee contract as a contingent liability in its individual financial statements until such time as it becomes probable that the company will be required to make a payment under the guarantee.

#### 1.11 Turnover

Turnover represents sales (excluding VAT) of goods and services net of discounts provided in the normal course of business and recognised when services have been rendered.

Turnover is derived from hotel operations and includes the rental of rooms; food and beverage sales. Revenue is recognised when rooms are occupied and food and beverages are sold.

Rental income from investment properties is recognised on a straight-line basis over the term of the lease and is included as other income.

#### 1.12 Expenses

##### Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

##### Finance lease

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

##### Interest receivable and Interest payable

Interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest rate method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

# Doyle London Hotels Limited

## Notes to the financial statements

For the year ended 31 December 2019

### 1. Accounting policies (continued)

#### 1.13 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

#### 1.14 Interest income

Interest income is recognised in the Profit and loss account using the effective interest method.

### 2. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of financial statements requires management to make estimates and judgements that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Estimates and judgements are based on historical experience and on other factors that are reasonable under current circumstances. Actual results may differ from these estimates if these assumptions prove to be incorrect or if conditions develop other than as assumed for the purpose of such estimates.

The critical area requiring estimates and judgement by management is the valuation of fixed assets. The directors have assessed that the value of fixed assets are at least equal to its carrying value.

### 3. Turnover

Analysis of turnover by geographical market is as follows:

	2019 £000	2018 £000
United Kingdom	25,126	24,821
	<u>25,126</u>	<u>24,821</u>

# Doyle London Hotels Limited

## Notes to the financial statements

For the year ended 31 December 2019

### 4. Operating profit

The operating profit is stated after charging:

	2019	2018
	£000	£000
Depreciation of tangible fixed assets	2,249	2,013
Defined contribution pension cost	177	156

### 5. Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2019	2018
	£000	£000
Less than one year	297	297
Between one and five years	1,187	1,187
More than five years	29,880	30,176
	<u>31,364</u>	<u>31,660</u>

During the year £0.298 million was recognised as an expense in the profit and loss account in respect of operating leases (2018 - £0.297 million).

### 6. Auditor's remuneration

	2019	2018
	£000	£000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	21	19

The Company has taken advantage of the exemption not to disclose amounts paid for non-audit services as these are disclosed in the group accounts of the ultimate parent Company. (Note 26)



# Doyle London Hotels Limited

## Notes to the financial statements

For the year ended 31 December 2019

### 7. Employees

Staff costs, including Directors' remuneration, were as follows:

	2019 £000	2018 £000
Wages and salaries	7,068	6,570
Social security costs	451	384
Cost of defined contribution scheme	177	156
	<u>7,696</u>	<u>7,110</u>

The average monthly number of employees, including the Directors, during the year was as follows:

	2019 No.	2018 No.
Hotel Operations	<u>235</u>	<u>233</u>

### 8. Directors' remuneration

	2019 £000	2018 £000
Directors' emoluments	<u>30</u>	<u>23</u>
	<u>30</u>	<u>23</u>

The highest paid director was paid £0.020 million (2018 - £ 0.016 million) during the year.

### 9. Interest receivable

	2019 £000	2018 £000
Interest receivable	<u>1</u>	<u>-</u>
	<u>1</u>	<u>-</u>

### 10. Interest payable and similar expenses

	2019 £000	2018 £000
On loans from group undertakings	1,417	1,248
On finance leases and hire purchase contracts	7	2
	<u>1,424</u>	<u>1,250</u>

# Doyle London Hotels Limited

## Notes to the financial statements

For the year ended 31 December 2019

### 11. Taxation

	2019 £000	2018 £000
<b>Corporation tax</b>		
Current tax on profits for the year	522	1,396
Adjustments in respect of previous periods	(26)	212
	<u>496</u>	<u>1,608</u>
<b>Total current tax</b>	<u>496</u>	<u>1,608</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	242	176
Impact of changes to tax rates	(7)	(138)
Adjustment in respect of prior years	33	62
	<u>268</u>	<u>100</u>
<b>Total deferred tax</b>	<u>268</u>	<u>100</u>
<b>Taxation on profit on ordinary activities</b>	<u>764</u>	<u>1,708</u>

#### Factors affecting tax charge for the year

The tax assessed for the year is higher than (2018 -higher than) the standard rate of corporation tax in the UK of 19.0% (2018 -19.0%). The differences are explained below:

	2019 £000	2018 £000
Profit on ordinary activities before tax	<u>1,930</u>	<u>2,966</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.0% (2018 -19.0%)	367	564
<b>Effects of:</b>		
Expenses not deductible for tax purposes	188	163
Adjustments to tax charge in respect of prior periods	7	274
Payment due for relief paid	261	1,043
Group relief	(50)	(198)
Impact of changes in tax rate	(9)	(138)
<b>Total tax charge for the year</b>	<u>764</u>	<u>1,708</u>

# Doyle London Hotels Limited

## Notes to the financial statements

For the year ended 31 December 2019

### 11. Taxation (continued)

#### Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016, and the UK deferred tax asset/(liability) as at 31 December 2019 has been calculated based on this rate. In the 11 March 2020 Budget it was announced that the UK tax rate will remain at the current 19% and not reduce to 17% from 1 April 2020. This will have a consequential effect on the group's future tax charge. If this rate change had been substantively enacted at the current balance sheet date the deferred tax liability would have increased by £0.328 million.

### 12. Tangible fixed assets

	Freehold leasehold land & buildings £000	Plant, fixtures, fittings & equipment £000	Total £000
<b>Cost or valuation</b>			
At 1 January 2019	136,521	15,442	151,963
Additions	1,335	1,830	3,165
Revaluations	11,084	-	11,084
Elimination of depreciation on revaluation	(747)	(4,565)	(5,312)
At 31 December 2019	148,193	12,707	160,900
At 1 January 2019	-	3,063	3,063
Charge for the year	747	1,502	2,249
Elimination of depreciation on revaluation	(747)	(4,565)	(5,312)
At 31 December 2019	-	-	-
<b>Net book value</b>			
At 31 December 2019	148,193	12,707	160,900
At 31 December 2018	136,521	12,379	148,900

In accordance with the Company's accounting policies, a full valuation was performed on its freehold leasehold and buildings, plant, fixtures, fittings and equipment assets (hotel property assets) as at 31 December 2019. The valuation was performed by CBRE Hotels Limited, as part of a wider valuation of the Group's asset portfolio, of which the Company is part. Calculations were carried out in accordance with the Royal Institution of Chartered Surveyors' ("RICS") appraisal and valuation standards (6th Edition) and valuations were prepared on the basis of Market Value as defined in the standards. Significant assumptions used in the preparation of the valuations include stabilised RevPAR (Revenue per available room); hotel EBITDA; growth rates; discount rates and exit yields. The Group's valuations use growth rates of between 1.5% and 2.5%, discount rates of between 6.5% and 8.75% and exit yields of between 4.5% and 6.75% based on comparable yields on transactions of similar property types in similar locations. The valuation of the Company's hotel property asset resulted in a surplus on revaluation of £11.084 million, all of which was recognised in the statement of other comprehensive income.

# Doyle London Hotels Limited

## Notes to the financial statements

For the year ended 31 December 2019

### 13. Stocks

	2019 £000	2018 £000
Finished goods and goods for resale	248	243
	<u>248</u>	<u>243</u>

### 14. Debtors

	2019 £000	2018 £000
Trade debtors	287	298
Amounts owed by group undertakings	11,434	5,679
Prepayments and accrued income	1,006	999
	<u>12,727</u>	<u>6,976</u>

Amounts owing by group undertakings are unsecured, interest-free and repayable on demand.

### 15. Cash and cash equivalents

	2019 £000	2018 £000
Cash at bank and in hand	46	46
	<u>46</u>	<u>46</u>

### 16. Creditors: Amounts falling due within one year

	2019 £000	2018 £000
Trade creditors	889	767
Corporation tax	110	52
Other taxation and social security	390	608
Obligations under finance lease and hire purchase contracts (Note 19)	37	36
Capital accruals	627	1,494
Accruals and deferred income	1,610	1,243
	<u>3,663</u>	<u>4,200</u>

# Doyle London Hotels Limited

## Notes to the financial statements

For the year ended 31 December 2019

### 17. Creditors: Amounts falling due after more than one year

	2019 £000	2018 £000
Amounts owed to group undertakings (Note 18)	42,175	33,935
Net obligations under finance leases and hire purchase contracts (Note 19)	101	138
	<u>42,276</u>	<u>34,073</u>

### 18. Loans

Analysis of the maturity of loans is given below:

	2019 £000	2018 £000
<b>Amounts falling due 2-5 years</b>		
Loans from group undertakings	17,040	8,800
	<u>17,040</u>	<u>8,800</u>
<b>Amounts falling due after more than 5 years</b>		
Loans from group undertakings	25,135	25,135
	<u>25,135</u>	<u>25,135</u>

The Company has a sterling inter group facility which falls due for repayment in July 2026. The Company has a separate sterling inter group facility which falls due for repayment in July 2021.

### Term and debt repayment schedule

					2019 £000	2018 £000
Type	Currency	Interest basis	Due date	Payable		
Intergroup-term loan	Sterling	Fixed rate+margin	2026	On maturity	25,135	25,135
Intergroup-term loan	Sterling	LIBOR+margin	2021	On maturity	17,040	8,800
					<u>42,175</u>	<u>33,935</u>

### 19. Hire purchase and finance leases

Minimum lease payments under finance leases fall due as follows:

	2019 £000	2018 £000
Within one year	37	36
2 to 5 years	101	138
	<u>138</u>	<u>174</u>

# Doyle London Hotels Limited

## Notes to the financial statements

For the year ended 31 December 2019

### 19. Hire purchase and finance leases (continued)

The Company has a sterling finance lease due to be repaid over the period of July 2023.

#### Term and debt repayment schedule

					2019 £000	2018 £000
Type	Currency	Interest basis	Final payment	Payable		
Finance lease	Sterling	Fixed rate	July 2023	Monthly	138	174
					<u>138</u>	<u>174</u>

### 20. Deferred taxation

	2019 £000	2018 £000
At beginning of year	(14,421)	(15,732)
Charge to profit or loss	(268)	(100)
(Charge)/credit to other comprehensive income	(1,711)	1,411
At end of year	<u>(16,400)</u>	<u>(14,421)</u>

The provision for deferred taxation is made up as follows:

	2019 £000	2018 £000
Accelerated capital allowances	(1,438)	(1,203)
Tax losses carried forward	(5)	28
Revaluation of hotel property assets	(14,957)	(13,246)
	<u>(16,400)</u>	<u>(14,421)</u>

### 21. Share capital

	2019 £000	2018 £000
<b>Authorised</b>		
1,000,000 ordinary shares £1.00 each	<u>1,000</u>	<u>1,000</u>
<b>Allotted, called up and fully paid</b>		
300,000 ordinary shares £1.00 each	<u>300</u>	<u>300</u>

## **Doyle London Hotels Limited**

### **Notes to the financial statements**

*For the year ended 31 December 2019*

#### **22. Contingent liabilities**

The Company has extended a composite guarantee and indemnity incorporating cross guarantees and indemnities and a composite debenture incorporating first floating charges over all assets as security against bank borrowings of the group of which the Company is a part. It has also issued a negative pledge in respect of other bank borrowings of group undertakings.

#### **23. Capital commitments**

At 31 December 2019 the Company had authorised capital commitments of £0.6 million (2018: £5.5 million) of which £0.6 million (2018: £5.5 million) was contracted for.

#### **24. Pension commitments**

The Company participates in UK and Irish group defined benefit schemes operated by Group entities. The Irish schemes closed to new members with effect from 6 April 2010 and the UK schemes closed with effect from 6 April 2010. All schemes' assets are held in trustee administered funds, which are separate from the Company. The pension costs are assessed in accordance with the advice of independent qualified actuaries using the projected unit and attained age methods. The effective date of the last actuarial valuations was 1 January 2019 for the Irish schemes, 5 April 2017 for the first UK scheme and the 31 October 2015 for the second UK scheme.

The Directors are unable to identify the Company's share of the scheme's assets and liabilities as:

- Most scheme members have worked for more than one company within the group. The group structure has also changed materially over time due to restructurings, acquisitions and disposals. It is therefore not appropriate to allocate assets and liabilities between the participating companies.

- For funding purposes, the employers within the group share actuarial risks. The determination of cash contributions does not separately identify assets and liabilities for individual participating companies and all employers pay the same contribution rate in respect of accruing benefits. Contributions in respect of the past service deficit are paid separately by another group company.

As a result it is accounted for as a defined contribution scheme. Combined, the schemes are currently in deficit. At 31 December 2019 this deficit, calculated in accordance with FRS 102, amounted to €3.048 million (2018: €1.62 million). Full details of the schemes are disclosed in the financial statements of Pembase Holdings Limited, which are available publicly.

The pension charge for the year in respect of defined benefit schemes amounted to £Nil (2018: £Nil).

#### **25. Related party transactions**

The Company has availed of the exemption available in FRS 102 Section 33 - Related Party Disclosures from disclosing transactions with Group undertakings. Details on the availability of Group consolidated financial statements are given in Note 26.

#### **26. Controlling party**

At the year end the Company was ultimately controlled by Pembase Holdings Limited, a company incorporated in Ireland which prepares consolidated financial statements which are available from 156 Pembroke Road, Ballsbridge, Dublin 4.

# **Doyle London Hotels Limited**

## **Notes to the financial statements**

*For the year ended 31 December 2019*

### **27. Post balance sheet events**

On 11 March 2020, the World Health Organization declared the Coronavirus (COVID-19) outbreak to be a pandemic in recognition of its rapid spread across the globe, with over 150 countries now affected. There is a significant increase in economic uncertainty coupled with more volatile asset prices and currency exchange rates. The duration and severity of the outbreak is unknown and, as a result the full impact on the Company's trade and on the carrying value of its property asset is uncertain.

The impact of Covid-19 is deemed a non-adjusting event for the Company and there was no evidence of the event impacting on the Company balance sheet as at 31 December 2019.

In March 2020, the Company temporarily closed its hotel in response to government restrictions due to the Covid-19 pandemic. The directors have considered the impact of this temporary closure on the applicability of the going concern basis of accounting in preparing the financial statements and concluded that this continues to be appropriate (See Note 1.3).

In August 2020, the Group notified the trustees of the Irish group defined benefit pension schemes of its intention to cease contributions with immediate effect.

There have been no other significant events affecting the Company since the year end.

### **28. Approval of financial statements**

The financial statements were approved by the directors on 8th October 2020.